

**STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097**

RODNEY K. HARAGA
DIRECTOR

Deputy Directors
FRANCIS PAUL KEENO
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IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

**CONSENT TO SUBLEASE RETAIL CONCESSION
DFS GROUP L.P. TO MAUI DIVERS OF HAWAII, LTD.
KAHULUI AIRPORT**

MAUI

The Department of Transportation (DOT) is seeking the Board's consent for a sublease between the concessionaire under the Retail Concession Agreement at Kahului Airport and Maui Divers of Hawaii, Ltd.

PURPOSE:

To sublease a portion of the concession premises.

LEGAL REFERENCE:

Chapters 102 and 171, Hawaii Revised Statutes, as amended.

CONCESSIONAIRE/SUBLESSOR (APPLICANT):

DFS Group, L.P.

SUBLESSEE:

Maui Divers of Hawaii, Ltd.

LOCATION AND TAX MAP KEY:

Kahului Airport, Terminal Complex 2nd Division, 3-8-001-019
Kahului Airport, Island of Maui, Hawaii

ZONING:

State: Urban
County: Industrial (I-2)

LAND TITLE STATUS:

Section 5(a), Hawaii Admissions Act
DHHL 30% entitlement lands: Yes ___ No X

CONCESSION AGREEMENT TERM AND PREMISES:

Concession Agreement No. DOT-A-06-0007 for the Retail Concession at Kahului Airport will begin on September 1, 2006 and continue through August 31, 2011.

Area is comprised of the following:

Building 321, Space No. 108A
Building 330, Space No. 201, 202, 204, 205, 206 and 207B
Building 340, Space No. 101 and 106A

SUBLEASE TERM AND PREMISES:

Term commences on September 1, 2006, and continues through the end of the Concession Agreement term.

Premises is a portion of the Retail Concession Premises as listed above.

USE:

Sale of Maui Divers of Hawaii, Ltd. merchandise as part of the Retail Concession at Kahului Airport.

CONCESSION FEE:

Through the end of the Concession Agreement term in August 31, 2011, the fee shall be the greater of the minimum annual guarantee of \$2.5 million or 20% of the gross receipts.

SUBLEASE FEE:

The sublease fee that Maui Divers of Hawaii, Ltd. will be required to pay will be the greater of the minimum fee, \$8,000 per month or 25% of the gross receipts.

IMPROVEMENTS:

Under the Retail Concession the Lessee is required to make a minimum investment for all sales spaces of \$495,000.00. The space to be occupied by Maui Divers under the sublease is part of this requirement.

REMARKS:

The Retail Concession at Kahului Airport provides the master retail concessionaire the option to subcontract with other vendors to expand the product and service mix beyond what the concessionaire itself might be able to offer.

The DOT has reviewed the sublease fee and determined that the sublessee's obligations are reasonable with no excess sandwich profit to be gained by the Applicant.

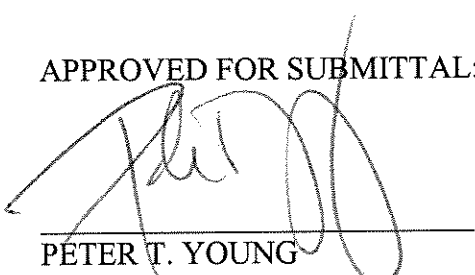
RECOMMENDATIONS:

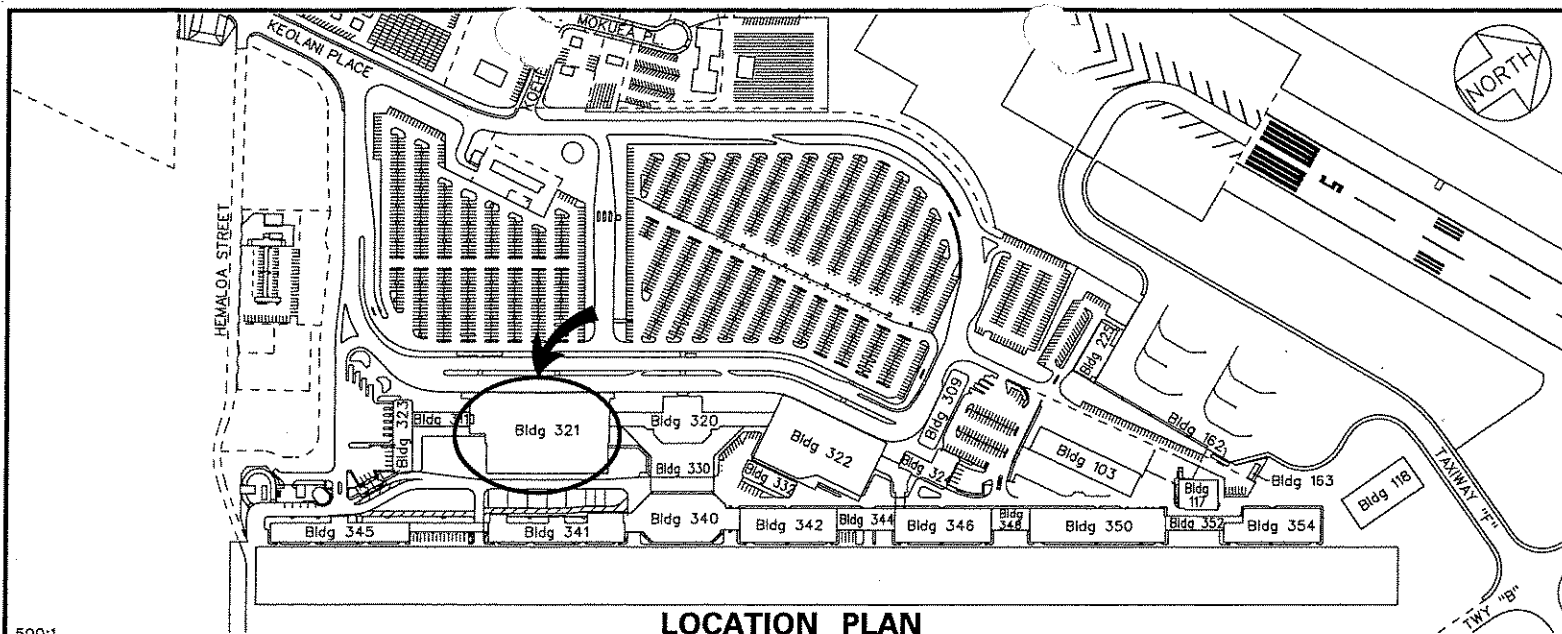
That the Board authorize the DOT to consent to the sublease as hereinabove outlined and to grant a Consent to Sublease so that the DOT may proceed to process the consent to allow the sublease to be consummated, subject to the review and approval of the Department of the Attorney General.

Respectfully submitted,

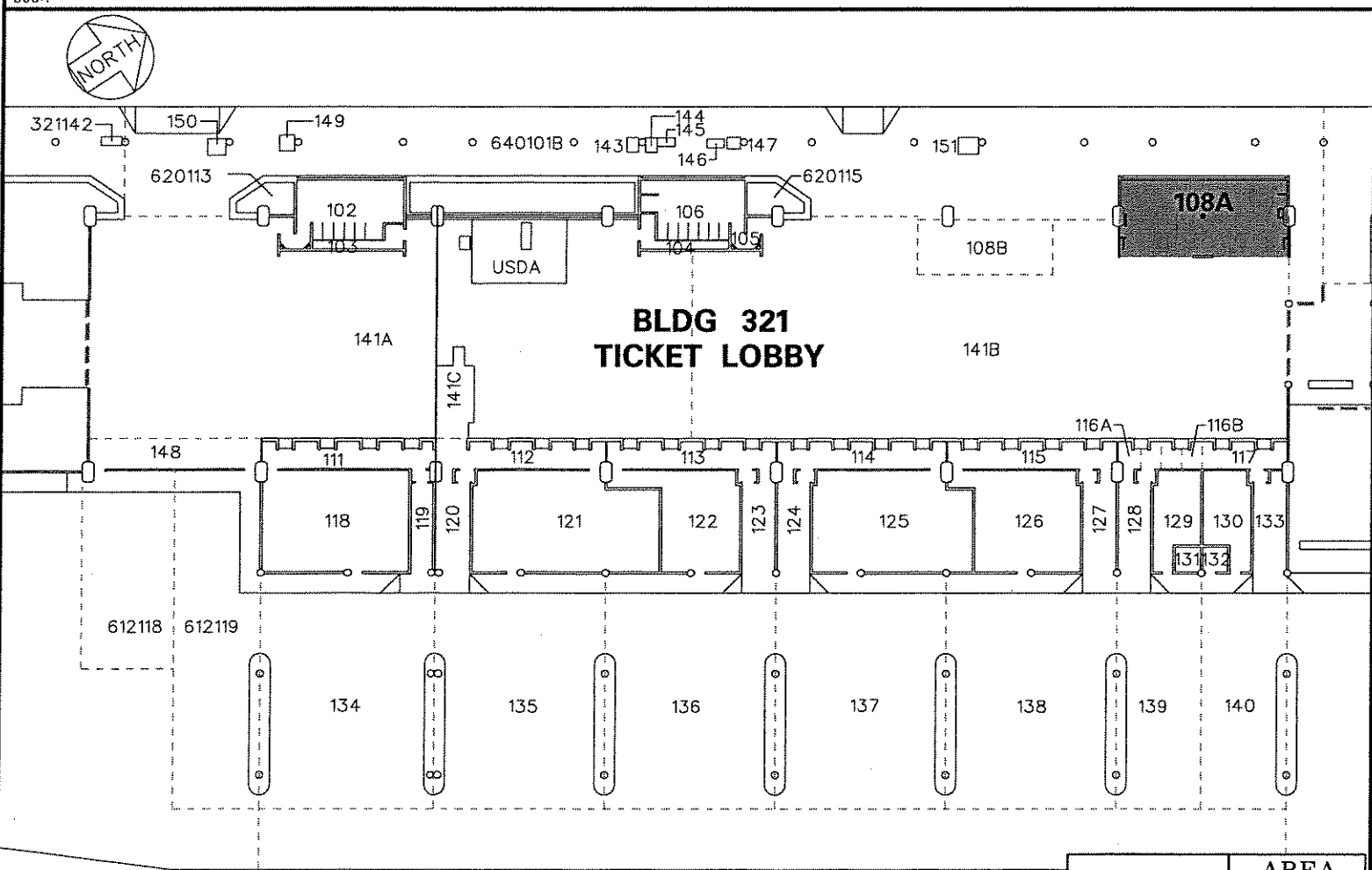

RODNEY K. HARAGA
Director of Transportation

APPROVED FOR SUBMITTAL:


PETER T. YOUNG
Chairperson and Member



LOCATION PLAN



SCALE: 1"=50'

600:103B

SPACE NO.	AREA SQ. FT.
321 108A	1,142

DATE: OCTOBER 2005

EXHIBIT: **B**



Airports Division

RETAIL CONCESSION

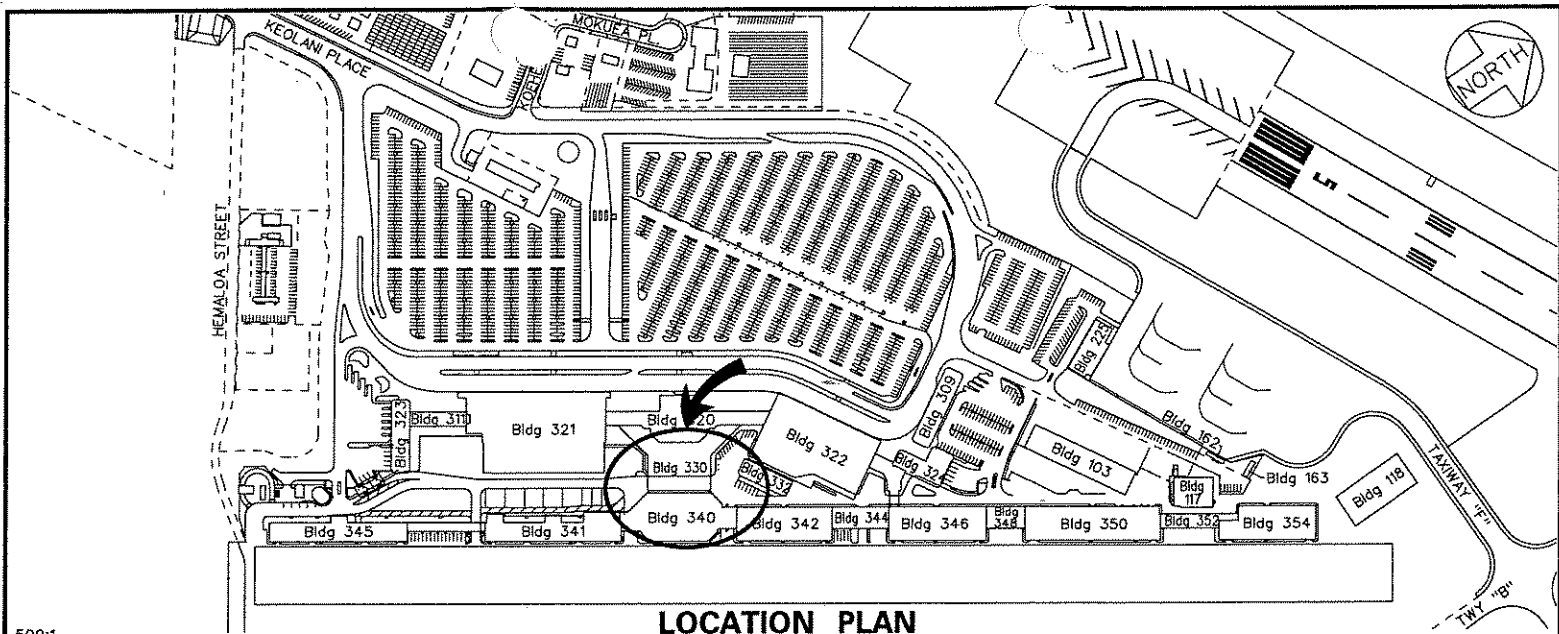
BLDG 321
TERMINAL BUILDING
GROUND LEVEL

321-108A

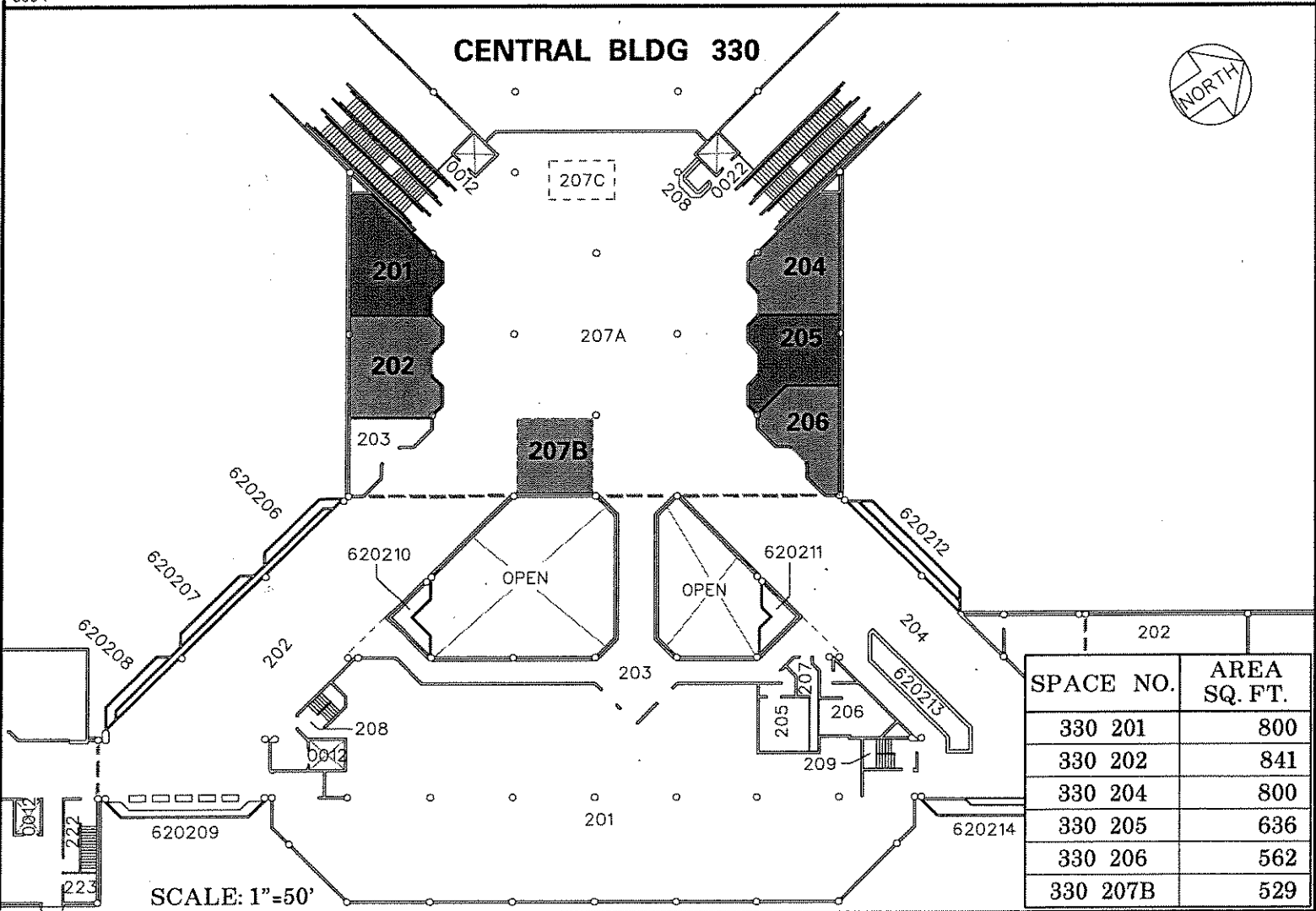
PLATS A1, 35

KAHULUI AIRPORT

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LOCATION PLAN



SCALE: 1"=50'

SPACE NO.	AREA SQ. FT.
330 201	800
330 202	841
330 204	800
330 205	636
330 206	562
330 207B	529

DATE: OCTOBER 2005

EXHIBIT: **C**



Airports Division

RETAIL CONCESSION

BLDG 330
TERMINAL BUILDING
SECOND LEVEL

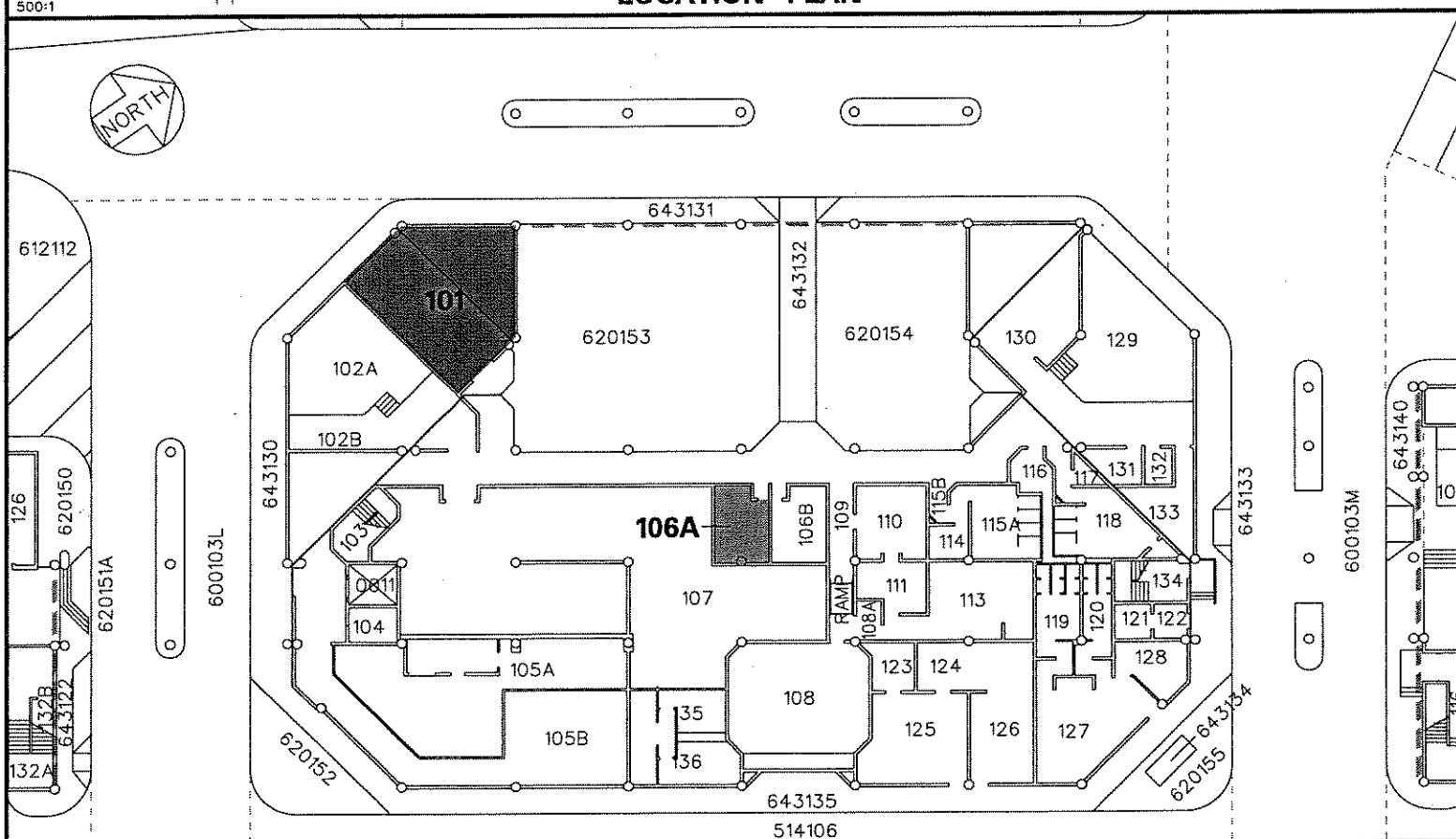
330-201
PLATS A2, 35

KAHULUI AIRPORT

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LOCATION PLAN



SCALE: 1"=40'

SPACE NO.	AREA SQ. FT.
340 101	942
340 106A	210

EXHIBIT: **D**

BLDG 340
TERMINAL BUILDING
GROUND LEVEL

PLATS A1, 35

KAHULUI AIRPORT

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